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EXAMINER
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OJIAKU, CHIKAODINAKA

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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* BERNARD JOHN WRIGHT and  
STEPHEN BRUCE COULTER

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Appeal 2015-003150  
Application 13/418,552  
Technology Center 3600

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Before JOSEPH A. FISCHETTI, BIBHU R. MOHANTY, and  
JAMES A. WORTH *Administrative Patent Judges*.

MOHANTY, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

The Appellants seek our review under 35 U.S.C. § 134 of the final rejection of claims 2, 9, 11, 17, and 22 which are all the claims pending in the application. We have jurisdiction under 35 U.S.C. § 6(b).

SUMMARY OF THE DECISION

We AFFIRM-IN-PART and ENTER A NEW GROUND OF  
REJECTION under 37 C.F.R. § 41.50(b).

## THE INVENTION

The Appellants' claimed invention is directed to an automated budget system with payment management authority (Spec., para. 2). Claim 2, reproduced below, is representative of the subject matter on appeal.

2. A financial institution independent direct debit authority management system implemented using at least one hardware implemented processor and comprising:
  - a system server in a secure hosted environment with access to a data warehouse, the server operating to implement:
    - a customer registration module for receiving personal bill payment information to register a bill payment customer with the authority management system for aggregation and management of a plurality of direct debit authorities for payment of customer bills;
    - a customer authentication module for authenticating a connection to a customer payment account at a customer bank providing a payment source for payment of customer bills;
    - a customer service provider module for creating and managing the plurality of direct debit authorities for a plurality of billers based on the personal bill payment information from the customer registration module to authorize biller-controlled direct debit payment of customer bills from the customer payment account to the billers, and for providing the direct debit authorities created by the customer authentication module to the biller in a form compatible with a processing system of the biller, and enabling the direct debit authority to be sent to any biller financial institution; and
    - a biller service provider module for enabling a biller to directly control and draw bill payment funds from the customer payment account based on conditions of the direct debit authority for the biller created by the customer authentication module.

## THE REJECTIONS

The following rejections are before us for review:

1. Claims 2 and 17 are rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

2. Claims 2 and 17 are rejected under 35 U.S.C. § 112, first paragraph, for failing to show possession of the invention.

3. Claims 2, 9, 11, 17, and 22 are rejected under 35 U.S.C. § 103(a) as unpatentable over Ganesan (US 7,366,696 B1, Apr. 29, 2008) and Posner (U.S. 2004/0083130 A1 pub. Apr. 29, 2004).

### FINDINGS OF FACT

We have determined that the findings of fact in the Analysis section below are supported at least by a preponderance of the evidence.<sup>1</sup>

### ANALYSIS

#### *Rejection under 35 U.S.C. § 101*

The Appellants argue that the rejection of claim 2 and 17 is improper under 35 U.S.C. § 101 because the claims are “not a mere method of conducting business” and that the subject matter is “technologically-based” (Reply. Br. 2). The Appellants also argue that claimed arrangement amounts to “far more than the sum of the individual elements” (Reply Br. 2).

In contrast, the Examiner has determined that rejection of record is proper (Ans. 10-12).

We agree with the Examiner. Under 35 U.S.C. § 101, an invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. The Supreme Court, however, has long interpreted § 101 to include an implicit exception: “laws of nature,

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<sup>1</sup> See *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Patent Office).

natural phenomena, and abstract ideas” are not patentable. *See, e.g., Alice Corp. Pty Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014).

In judging whether claim 2 falls within the excluded category of abstract ideas, we are guided in our analysis by the Supreme Court’s two-step framework, described in *Mayo* and *Alice*. *Id.* at 2355 (citing *Mayo Collaborative Servs. v. Prometheus Labs., Inc.*, 132 S. Ct. 1289, 1296–97 (2012)). In accordance with that framework, we first determine whether the claim is “directed to” a patent-ineligible abstract idea. If so, we then consider the elements of the claim both individually and as “an ordered combination” to determine whether the additional elements “transform the nature of the claim” into a patent-eligible application of the abstract idea. *Id.* This is a search for an “inventive concept” an element or combination of elements sufficient to ensure that the claim amounts to “significantly more” than the abstract idea itself. *Id.* The Court also stated that “the mere recitation of a generic computer cannot transform a patent-ineligible abstract idea into a patent-eligible invention.” *Id.* at 2358.

Here, we find that the claim is directed to the concept of bill payment processing between customers and financial institutions using direct debit authority. This is a fundamental economic practice long prevalent in our system of commerce and a method of organizing human activities, and is an abstract idea beyond the scope of § 101.

We next consider whether additional elements of the claim, both individually and as an ordered combination, transform the nature of the claim into a patent-eligible application of the abstract idea, e.g., whether the claim does more than simply instruct the practitioner to implement the

abstract idea over using generic computer components. We conclude that it does not.

Considering each of the claim elements in turn, the function performed by the computer system at each step of the process is purely conventional. Each step of the claimed method does no more than require a generic computer to perform a generic computer function. Here, the claim is not rooted in technology but rather in the abstract concept of bill payment processing between customers and financial institutions using direct debit authority.

For these reasons the rejection of claim 2 is sustained. Claim 17 is directed to similar subject matter and the rejection of this claim as well.

The rejection of record has not addressed claim 9, 11, and 22 under 35 U.S.C. § 101. A review of these claims shows that they as well are essentially directed to the abstract idea articulated above. Further, these claimed steps and elements also fail both individually and as an ordered combination, to transform the nature of the claim into a patent-eligible application of the abstract idea, e.g., whether the claim does more than simply instruct the practitioner to implement the abstract idea over using generic computer components.

Therefore, we enter a new ground of rejection for claims 9, 11, and 22 under 35 U.S.C. § 101.

*Rejection under 35 U.S.C. § 112, first paragraph*

The Examiner has determined that the Specification for claim 2 fails to provide support to show possession of the claim limitation “for enabling a biller to directly control and draw bill payment funds from the customer

payment account based on conditions of the direct debit authority for the biller created by the customer authentication module” (Final Rejection, 4-6). The Answer does not state that this rejection has been withdrawn (*see* also Answer 15-17).

Appellants argue that this rejection is improper and that support for the above cited claim limitation is found at paragraphs 23, 27, and 62 of the Specification (App. Br. 11-13).

We agree with the Examiner. Here, the above cited claim limitation requires “*enabling a biller to directly control and draw bill payment funds from the customer payment account based on conditions of the direct debit authority for the biller created by the customer authentication module*”. The above cited portions of the Specification, for example at para. 62, show the “system” to enable payment of the bill, but *not* for the biller *to directly control and draw bill payment funds from the customer payment account* as the claim limitation requires. For this reason, this rejection is sustained. Claim 17 contains a similar limitation and this rejection is sustained as well.

*Rejection under 35 U.S.C. § 103(a)*

The Appellants argue that the rejection of claim 2 is improper because the cited prior art fails to disclose “a customer service module... *to authorize biller-controlled direct debit payment of customer bills from the customer payment account to the billers*” (App. Br. 7, 8).

In contrast, the Examiner has determined that the cited claim limitation is shown by Ganesan at col. 11:21-44, col. 11:58-65, and col. 12:5-28 (Final Rej. 8, Ans. 6).

We agree with the Appellants. The above citations to Ganesan do disclose a system with billing procedures from a user, however it is not specifically shown to *authorize biller-controlled direct debit payment of customer bills from the customer payment account to the billers* as claimed. For this reason, the rejection of claim 2 and its dependent claims is not sustained. Claim 17 contains a similar limitation, and the rejection of this claim and its dependent claims is not sustained for the these same reasons as well.

#### CONCLUSIONS OF LAW

We conclude that Appellants have not shown that the Examiner erred in rejecting claims 2 and 17 under 35 U.S.C. § 101 and 35 U.S.C. § 112, first paragraph, for failing to show possession of the invention.

We conclude that Appellants have that the Examiner erred in rejecting claims 2, 9, 11, 17, and 22 under 35 U.S.C. § 103(a) as unpatentable over Ganesan and Posner.

#### DECISION

The Examiner's rejection of claims 9, 11, and 22 is reversed.

The Examiner's rejection of claims 2 and 17 is sustained.

A new ground of rejection of claims 9, 11, and 22 is applied.

#### NEW GROUND

This decision contains a new ground of rejection pursuant to 37 C.F.R. § 41.50(b). 37 C.F.R. § 41.50(b) provides "[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial



review.” 37 C.F.R. § 41.50(b) also provides that the Appellant, WITHIN TWO MONTHS FROM THE DATE OF THE DECISION, must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims:

- (1) *Reopen prosecution.* Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the examiner, in which event the proceeding will be remanded to the examiner . . . .
- (2) *Request rehearing.* Request that the proceeding be reheard under § 41.52 by the Board upon the same record . . . .

Should Appellant elect to prosecute further before the Examiner pursuant to 37 C.F.R. § 41.50(b)(1), in order to preserve the right to seek review under 35 U.S.C. §§ 141 or 145 with respect to the affirmed rejection, the effective date of the affirmance is deferred until conclusion of the prosecution before the Examiner unless, as a mere incident to the limited prosecution, the affirmed rejection is overcome.

If Appellant elects prosecution before the Examiner and this does not result in allowance of the application, abandonment or a second appeal, this case should be returned to the Patent Trial and Appeal Board for final action on the affirmed rejection, including any timely request for rehearing thereof.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a).

AFFIRMED-IN-PART; 37 C.F.R. § 41.50(b)